

# SB2775

Measure Title:	RELATING TO THE AFFORDABLE CARE ACT SECTION 1332 STATE INNOVATION WAIVER.
Report Title:	State Innovation Waiver, Affordable Care Act
Description:	Authorizes the State to submit and implement a waiver from certain provisions of the Patient Protection and Affordable Care Act of 2010.
Companion:	<a href="#">HB2478</a>
Package:	None
Current Referral:	CPH, WAM
Introducer(s):	BAKER (Introduced by request of another party)



EXECUTIVE CHAMBERS

HONOLULU

David Y. Ige  
GOVERNOR

SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

Chair Rosalyn H. Baker

Vice Chair Michelle N. Kidani

Wednesday, February 3, 2016, 9:00 a.m., Room 229

Senate Bill 2775, Relating To the Affordable Care Act Section 1332 State Innovation Waiver  
**Testimony in Support**

Presented by Beth Giesting, Chair, Hawai'i ACA State Innovation Waiver Task Force

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Thank you for the opportunity to support this measure, which authorizes the state to submit and implement a waiver of certain provisions of the federal Affordable Care Act ("ACA").

In 2014, the Legislature created a task force to develop an ACA State Innovation Waiver for Hawai'i. The task force has met regularly since that time, assessing each of the provisions of the ACA that may be waived for its effect on health insurance in Hawai'i.

Per ACA Section 1332, provisions that may be waived address:

- Health insurance benefits and costs
- Insurance exchanges
- Tax credits to make insurance affordable
- Individual and employer responsibilities

Further federal guidance specifies that, compared to ACA requirements, waivers may not result in:

- Fewer people having coverage
- Less affordable coverage
- Less comprehensive benefits
- Increased costs or reduced revenues to the federal government

Section 1332 also requires that State Legislatures sanction the application and implementation of a waiver, which would be accomplished by passing this bill.

The task force agreed that, to the extent possible, Hawai'i's waiver should align ACA provisions with Prepaid's long-standing employer insurance requirements and processes. Accordingly, the task force recommends waiving seven provisions, which will result in:

- Maintaining employer-sponsored benefits that conform to Prepaid; and

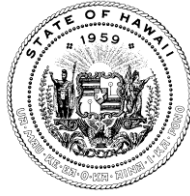
- Allowing Hawai‘i to forego either developing and maintaining a Small Business Health Insurance Options Program (SHOP) or participating in such an exchange hosted by the federal government.

The seven provisions are outlined below and in the current draft proposal, which is available at: <http://governor.hawaii.gov/wp-content/uploads/2016/01/Hawaii-ACA-Waiver-Proposal-DRAFT-1-12-16.pdf>.

The ACA allows for states to implement waivers no sooner than January 1, 2017, which, with legislative approval, is a feasible timeframe for this proposed waiver.

Thank you for the opportunity to testify in support of this measure.

<b>ACA Provisions to be Waived in Hawai‘i Proposal</b>	
<b>§1301(a)(1)(C)(ii) requires silver level benefits to be provided by every Qualified Health Plan</b>	A waiver is sought because the actuarial value of Prepaid plans must be gold or platinum. Silver level plans are not allowed.
<b>§1301(a)(2) requires co-ops and multi-state plans to be available to consumers</b>	A waiver is sought because such plans would be less likely to meet Prepaid requirements and, being headquartered out of state, would be harder to regulate and monitor.
<b>§1304 (b)(4)(D)(i) and (ii) addresses continuation of participation in a SHOP exchange for growing small employers</b>	This provision would be moot under Hawai‘i’s proposal to waive SHOP.
<b>§1311 (b)(1)(B) requires the establishment of a SHOP Exchange</b>	A waiver is sought because small businesses purchase insurance outside of it now, are uninterested in using it in future, and building and maintaining it would add costs without benefits.
<b>§1311 (f)(3)(B) identifies authorized entities responsible for exchange functions</b>	A waiver is sought to authorize state entities other than the state Medicaid agency to carry out responsibilities to support the individual exchange.
<b>§1312 (a)(2) requires employee choice in a SHOP exchange</b>	A waiver is sought because the cost of creating a system that would support it outweighs the resulting benefits.
<b>§1312 (f)(2)(A) defines “qualified employer” for purposes of participating in SHOP</b>	A waiver is sought because, if SHOP is waived, there will be no “qualified employer.”



DAVID Y. IGE  
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**TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH**

**TWENTY-EIGHTH LEGISLATURE  
Regular Session of 2016**

Wednesday, February 3, 2016  
9:00 a.m.

**TESTIMONY ON SENATE BILL NO. 2775 – RELATING TO THE AFFORDABLE  
CARE ACT SECTION 1332 STATE INNOVATION WAIVER.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is Gordon Ito, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs (“Department”). The Department supports this bill and submits the following comments:

Section 1332 of the Affordable Care Act (“ACA”) allows states to apply for a state innovation waiver to implement innovative ways to provide access to quality health care that is at least as comprehensive, affordable, and provides coverage to a comparable number of residents of the state as would be provided coverage absent a waiver. Due to the success of the Hawaii Prepaid Healthcare Act, the participation from small employers in SHOP was not significant enough to sustain a continued SHOP Marketplace. Small employers will continue to meet the employer-mandate of the Prepaid Healthcare Act through the direct enrollment marketplace.

On December 4, 2015, the Hawaii Health Connector’s (“Connector”) staff were terminated due to budget issues. The Department supports this measure that would enable the State to seek a waiver from ACA requirements, where appropriate, which should also assist with the transition from the Connector model.

We thank this Committee for the opportunity to present testimony on this matter.

February 3, 2016

The Honorable Rosalyn Baker, Chair  
Senate Committee on Commerce, Consumer Protection, and Health  
The Honorable Michelle Kidani, Vice-Chair  
Senate Committee on Commerce, Consumer Protection, and Health

**Re: SB 2775 – Relating to the Affordable Care Act Section 1332 State Innovation Waiver**

Dear Chair Baker, Vice-Chair Kidani and Members of the Committees:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to offer testimony in support of SB 2775, which authorizes the state to submit and implement a waiver from certain provisions of the Affordable Care Act (ACA) of 2010.

Since 2014 the State Innovation Waiver Task Force (SIWTF) has diligently addressed the challenges our state faces in balancing the requirements of the Patient Protection and Affordable Care Act (ACA) with our own State Prepaid Health Care Act (PHCA). However, in order to preserve this balance and maintain the successful foundation of PHCA, the SIWTF has come to agreement on submitting a formal state innovation waiver in order to accomplish the following:

- (1) Maintain access to affordable health insurance coverage for individuals via the state-based exchange utilizing the federal platform;
- (2) Align the Affordable Care Act with the Hawaii Prepaid Health Care Act's requirements for private employers to the extent allowable; and
- (3) Waive the Affordable Care Act Small Business Health Options Program and its requirements for the small business marketplace, including the employee choice provision.

We believe the Task Force has done its due diligence in vetting these goals with key stakeholders from around the state as well as legislative and executive branch policymakers. Passage of SB 2775 allows Hawaii to lead the nation as one of the first states to formally ask for a 1332 waiver and in the process highlighting the benefits of our own PHCA.

Thank you for allowing us to testify in support of SB 2775.

Sincerely,



Jennifer Diesman  
Vice President, Government Relations



## THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Senator Rosalyn H. Baker, Chair,  
The Honorable Senator Michelle N. Kidani, Vice Chair  
Members, Senate Committee on Commerce, Consumer Protection, and Health

From: Paula Yoshioka, Senior Vice President, The Queen's Health Systems

Date: February 1, 2016

Hrg: Senate Committee on Commerce, Consumer Protection, and Health; Wednesday,  
February 3, 2016 at 9:00 AM in Room 229

Re: **SB 2775, Relating to the Affordable Care Act Section 1332 State Innovation Waiver**

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The Queen's Health Systems would like to express strong support for SB 2775, relating to the *Affordable Care Act* Section 1332 State Innovation Waiver.

The *Affordable Care Act (ACA)* has transformed the delivery of health care services across the nation by helping millions of Americans access the care and coverage they need. Section 1332 of the ACA provides the opportunity for states to apply for a State Innovation Waiver, which allows states to implement their own health reform approaches to best fit the needs of their residents while still retaining the basic protections of the ACA.

The State of Hawaii has a long and successful history of health care coverage for our residents, due in large-part to the Prepaid Health Care Act ("Prepaid"). The misalignment of provisions under the ACA with Prepaid, jeopardizes the robust insurance coverage for thousands of employed workers across the state. By utilizing the 1332 Waiver, we are ensuring alignment with the basic requirements for coverage set by the ACA, while retaining the long-standing and superior coverage under Prepaid.

We urge you to support SB 2775. Thank you for your time and consideration of this matter.

*The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*



**February 3, 2016 at 9:00 AM**  
**Conference Room 229**

**Senate Committee on Commerce, Consumer Protection, and Health**

To: Chair Rosalyn H. Baker  
Vice Chair Michelle N. Kidani

From: George Greene  
President and CEO  
Healthcare Association of Hawaii

**Re: Testimony in Support**  
**SB 2775, Relating to the Affordable Care Act Section 1332 State Innovation Waiver**

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 180 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 20,000 people statewide.

Thank you for the opportunity to testify in **support** of SB 2775, which would authorize the State to submit an innovation waiver to the federal government to waive certain provisions of the *Affordable Care Act (ACA)*, as provided under section 1332 of that act.

This waiver, often referred to as the 1332 waiver, is an important tool that allows states to amend provisions of the *ACA* to better support unique circumstances that exist in their healthcare market. With the passage of Act 158 (SLH 2014), the Healthcare Association of Hawaii was an active participant in the deliberations of the State *ACA* Innovation Waiver Task Force, and concurs with the recommendations made by the task force.

Thank you for your consideration of this important matter.



Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the Senate Committee on Commerce, Consumer Protection, and  
Health**

**Wednesday, February 3, 2016 at 9:00 A.M.  
Conference Room 229, State Capitol**

**RE: SENATE BILL 2775 RELATING TO THE AFFORDABLE CARE ACT SECTION  
1332 STATE INNOVATION WAIVER**

Chair Baker, Vice Chair Kidani, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2775, which authorizes the State to submit and implement a waiver from certain provisions of the Patient Protection and Affordable Care Act of 2010.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We support the bill's proposal to help remove the Small Business Health Options Program requirements, which we do not believe if financially sustainable. We do prefer using the 7 Essential Health Benefits which match the existing prepaid healthcare benefits, as costs are likely to escalate with more benefits, but also understand the need for the waiver to be successful in the process.

Thank you for the opportunity to testify.



**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [CPH Testimony](#)  
**Cc:** [laurie.field@ppvnh.org](mailto:laurie.field@ppvnh.org)  
**Subject:** \*Submitted testimony for SB2775 on Feb 3, 2016 09:00AM\*  
**Date:** Monday, February 01, 2016 3:41:01 PM

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**SB2775**

Submitted on: 2/1/2016

Testimony for CPH on Feb 3, 2016 09:00AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie Field	Planned Parenthood Votes Northwest and Hawaii	Support	No

**Comments:**

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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